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cc Tom  
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RECEIVED

JAN 21 2009

DIV. OF OIL, GAS & MINING

Lone Star Mining  
1478 Winchester dr.  
St. George Utah 84770  
1-435-986-9990

Att: Tom Munson

I submitted a small mining permit for the Dragon mine stock piles, we were ready to bond the project and commence the mining process. I called to tell Atlas Mining this was going to happen when the new management told me they want to do more testing on stock piles to see how much usable material there is. They feel the previous manager did not do sufficient testing so this project is on hold.. I appreciate the time you put in on this project, hopefully it will be put back in place in a short time.

Thank you

I also submitted a permit for the Julie Mine in the White Mountains. Dennis Engh had an exploration permit in place but had not paid fees to DOGM or Don Fullmer in two years so I felt it was open to pursue. Unfortunately they found out I was filing for a permit and paid the back fees owed. So at this time this permit is on hold also. I will try to negotiate with the parties involved to see if this project can be saved.

Thank You

Sandy Nell

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JON M. HUNTSMAN, JR.  
Governor

GARY R. HERBERT  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

80230102  
cc: Tom

November 18, 2008

Sandy Nell / Lone Star Mining  
1478 Winchester Dr.  
St. George, Utah 84770

Subject: Reclamation Surety Required, Small Mining Operations, Sandy Nell / Lone Star Mining, Dragon Mine Tailings Project, S0230102, Juab County, Utah

Dear Mr. Nell:

The Notice of Intent to Conduct Exploration (NOI), received by the Division November 3, 2008, concerning the proposed exploration project is complete **with the exception of the reclamation bonding requirement.** The reclamation surety is determined to be \$ 21, 900 for a three-year escalation of 5 acres to year 2011.

If a decision is made to mine 1 acre with a 3 year escalation to the year 2011 the bond would be \$6,300. The following information would be needed if 1 acre is to be mined:

1. New 1"=200' map outlining the location of the 1 acre of disturbance
2. Resubmit page 5 , #8 the surface acreage to be disturbed

Please submit the reclamation surety and Reclamation Contract within the next 30 days. No mining related disturbance can be created until the surety is received and approved, and you have received written acceptance from this office as well as other applicable agencies.

The reclamation surety can be submitted in one of several forms, including cash, an irrevocable letter of credit, a certificate of deposit, or a surety bond. Please contact Penny Berry at (801) 538-5251 or e-mail [bondcoordinator@utah.gov](mailto:bondcoordinator@utah.gov) for assistance in completing this requirement.

In reply please refer to file number S/023/0102.

Sincerely,

Paul B. Baker  
Minerals Program Manager

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DIV. OF OIL, GAS & MINING

